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ACTION WHA-00

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B4, B1, 1.4(B), 1.4(D)

INFO	LOG-00	AGRE-00	AID-00	CEA-01	CG-00	CIAE-00	COME-00
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P 152205Z OCT 01  
FM AMEMBASSY BOGOTA  
TO SECSTATE WASHDC PRIORITY 4297  
INFO AMEMBASSY PANAMA  
AMEMBASSY CARACAS  
AMEMBASSY QUITO  
AMEMBASSY LA PAZ  
AMEMBASSY LIMA  
SECDEF WASHDC  
NSC WASHDC  
DOJ WASHDC  
DIRONDCP WASHDC  
USCINCSO MIAMI FL  
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E.O. 12958: DECL: 7/15/11

TAGS: ECON, ETRD, EAID, PREF, PREL, PGOV, PTER, SNAR, CO

SUBJECT: OXY COLOMBIA STOPS PRODUCTION AND DECLARES

FORCE MAJEURE

REFS: A) BOGOTA 09074; B) BOGOTA 08940

CLASSIFIED BY AMBASSADOR ANNE W. PATTERSON FOR REASONS  
1.5 (B) AND (D).

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SUMMARY

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UNITED STATES DEPARTMENT OF STATE  
REVIEW AUTHORITY: OSCAR J OLSON  
DATE/CASE ID: 25 MAY 2004 200303455

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1. (C) ON OCTOBER 8, OCCIDENTAL PETROLEUM (OXY) STOPPED OIL PRODUCTION AND THE FOLLOWING DAY DECLARED "FORCE MAJEURE" FOR THE SECOND TIME THIS YEAR BECAUSE OF 7 PIPELINE ATTACKS IN ARAUCA DEPARTMENT BY FARC OR ELN GUERRILLAS SINCE OCTOBER 1. "FORCE MAJEURE" WAS LAST DECLARED AND PRODUCTION HALTED FROM FEBRUARY TO JULY 2001, WHICH REDUCED COLOMBIA'S GDP BY NEARLY 0.5% OR USD 475 MILLION. ON OCTOBER 11, EMBOFFS OVERFLEW THE PIPELINE TO ASSESS THE DAMAGE AND MET WITH LOCAL OXY SECURITY OFFICIALS AND COLOMBIAN MILITARY.

B1, B4



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EMBOFFS OVERFLY PIPELINE  
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3. (C) ON OCTOBER 11, EMBOFFS OVERFLEW OXY'S PIPELINE TO ASSESS THE SECURITY CHALLENGE AND THE DAMAGE FROM 7 ATTACKS THAT OCCURRED SINCE OCTOBER 1 IN THE FLATLANDS NEAR LA PAJUILA (67 KILOMETERS WEST OF OXY'S CANO LIMON PRODUCTION FACILITY), ARAUQUITA (42-49 KILOMETERS), AND SARAVENA (89 KILOMETERS). OXY OFFICIALS REPORT THAT SPILLAGE IS MINOR, BUT FIRES STILL BURN AT SOME OF THE ATTACK SITES. NO ONE HAS TAKEN RESPONSIBILITY FOR THE ATTACKS.

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4. (C) THE ATTACKS ALSO COINCIDE WITH THE FARC DECLARING IN LATE SEPTEMBER A "PARO ARMADO" ("ARMED STRIKE") IN RESPONSE TO THE ARRIVAL OF PARAMILITARIES IN THE REGION, WHICH BLOCKED OVERLAND TRANSPORTATION BETWEEN ARAUCA AND ARAUQUITA, CAUSED FOOD SHORTAGES, AND HURT EXPORTS, AS 60 PERCENT OF ARAUCAN GOODS ARE SOLD TO VENEZUELA.

B1

ON OCTOBER 12, ARAUCA GOVERNOR HECTOR FEDERICO GALLARDO LOZANO, ARAUCA MAYOR JORGE APOLINAR CEDENO, AND OTHER LOCAL LEADERS MET WITH PRESIDENT ANDRES PASTRANA TO DISCUSS THE DETERIORATING SECURITY, ECONOMIC, AND POLITICAL SITUATION.

5. (C) ON OCTOBER 8, OXY STOPPED PRODUCTION AND THE FOLLOWING DAY DECLARED "FORCE MAJEURE" FOR THE SECOND TIME THIS YEAR DUE TO PIPELINE ATTACKS. [NOTE: "FORCE MAJEURE" IS AN UNFORESEEN AND DISRUPTIVE EVENT OR SERIES OF EVENTS THAT JUSTIFY A PARTY'S FAILURE TO MEET CONTRACTUAL OBLIGATIONS, INCLUDING DELIVERY OF CONTRACTED GOODS AND PAYMENT OF WORKER SALARIES. END NOTE.] OXY

STATED THAT THE "FORCE MAJEURE" WILL END WHEN THE PIPELINE IS REPAIRED. "FORCE MAJEURE" WAS LAST DECLARED AND PRODUCTION HALTED FROM FEBRUARY TO JULY 2001, WHICH REDUCED COLOMBIAN OIL EXPORTS BY 35%, CAUSING COLOMBIA'S GDP TO FALL BY NEARLY 0.5 OR USD 475 MILLION. OXY NOTED

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THAT THE ATTACKS DURING THAT PERIOD CAUSED 2.7 MILLION BARRELS OR TEN TIMES THE "EXXON VALDEZ" TO BE SPILLED, COSTING NEARLY \$100 MILLION IN REPAIRS AND ENVIRONMENTAL CLEAN-UP. OXY CALCULATES THAT VENEZUELA WAS ABLE TO EXTRACT \$110 MILLION IN OIL DURING THIS SIX MONTH PERIOD, AS THE OIL FIELD EXTENDS ACROSS THE BORDER.

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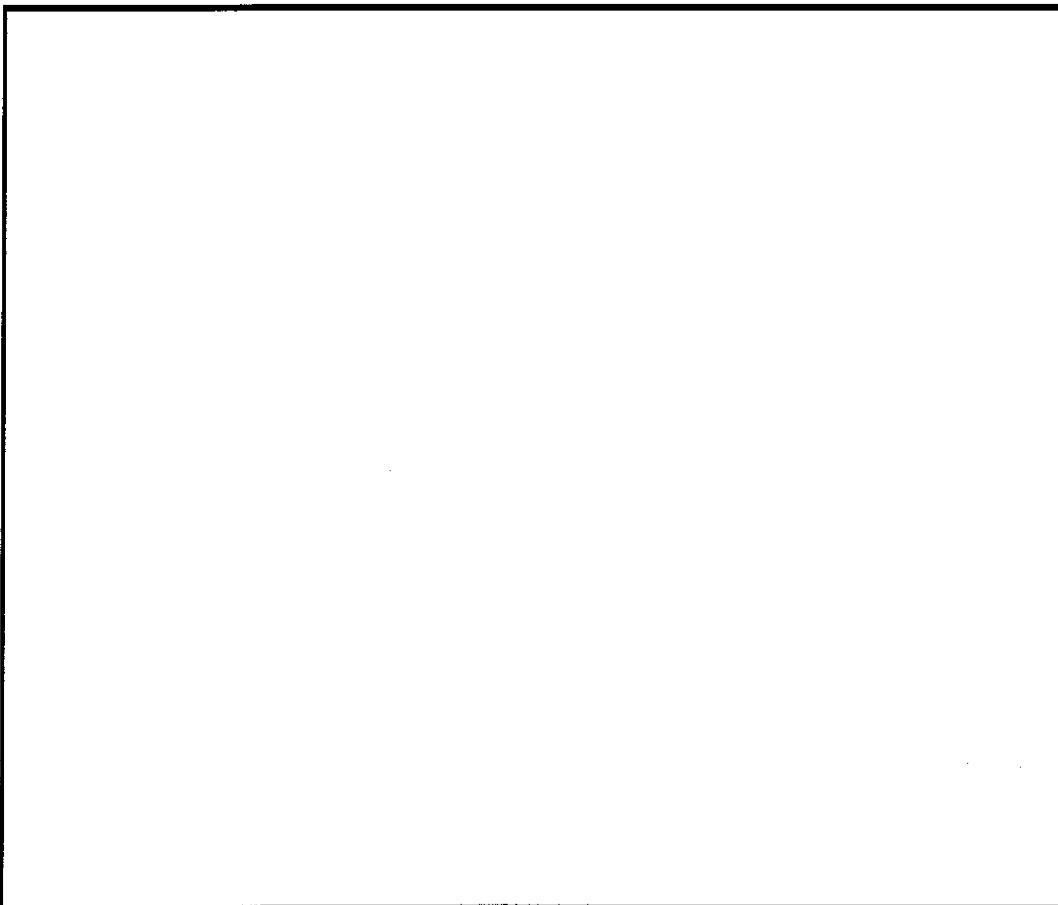
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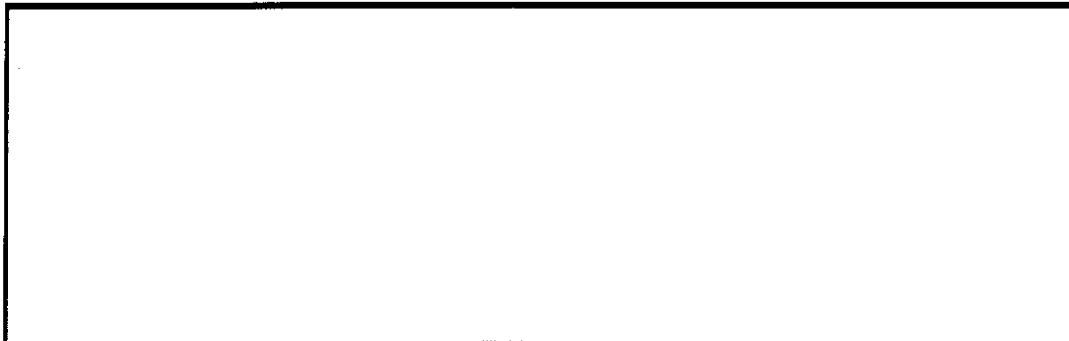
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COMMENT  
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11. (C) THE ESCALATION OF PIPELINE ATTACKS IS PART OF A  
LARGER OUTBREAK OF VIOLENCE IN ARAUCA, AS THE FARC, ELN,  
AND PARAMILITARIES CONTEST THE LAND AND OIL PROFITS.

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WITHIN THE LAST MONTH, TWO MEMBERS OF THE COLOMBIAN CONGRESS, REPRESENTATIVES OCTAVIO SARMIENTO BOHORQUEZ AND LUIS ALFREDO COLMENARES CHIA, WERE ASSASSINATED (SEE REFTELS), BRINGING TO 18 THE TOTAL NUMBER OF ARAUCAN POLITICAL LEADERS MURDERED IN THE LAST 10 YEARS.

B1

PATTERSON

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